



1258894 - R8 SDMS

Libby

Frank
Montarelli/OCP/R8/USEPA/U
S

To Frank Montarelli/OCP/R8/USEPA/US@EPA
cc

04/01/2008 11:02 AM

bcc Carol Campbell/R8/USEPA/US

Subject Dow Jones Newswires: State not protected from asbestos
lawsuits

http://www.helenair.com/articles/2008/04/01/state/85st_080401_wrgrace.txt

State not protected from asbestos lawsuits

By PEG BRICKLEY - Dow Jones Newswires - 04/01/08

PHILADELPHIA (Dow Jones/AP) — A bankruptcy judge has refused to shield the state of Montana from lawsuits over its alleged failure to protect residents from the dangers posed by W.R. Grace & Co.'s mining operations.

Judge Judith Fitzgerald, who is presiding over Grace's Chapter 11 proceedings, rejected a bid for an injunction barring lawsuits against the state by people who say they were harmed by asbestos from the chemical company's Libby, Mont., mine.

In a ruling signed last week and filed Monday with the U.S. Bankruptcy Court in Wilmington, Del., Fitzgerald said lawsuits against Montana over its alleged failures in policing the Grace mines don't present a direct threat to the company's bankruptcy proceedings.

Civil lawsuits against Grace, based in Columbia, Md., were halted in April 2001 when it filed for Chapter 11 protection. Grace and several current or former employees have been indicted on criminal charges related to the Libby mine, and the company recently agreed to reimburse the federal government \$250 million for the cleanup of the Libby asbestos contamination.

Allegations against the state of Montana include negligence and failure to warn residents and mineworkers about allegedly lethal contamination at the mining operation, which ran until 1990.

More than 1,200 area residents or former mineworkers have died or claimed injury due to the Libby vermiculite mining operations. Lawyers for asbestos claimants say the Montana operation produced a particularly toxic form of asbestos, one far more likely to result in serious injury than regular asbestos.

Fitzgerald said people who claim asbestos from the mine triggered cancer, mesothelioma and other diseases can pursue action against Montana without disturbing Grace's reorganization.

Fitzgerald first ruled against Montana and Grace last year on the question of whether the state could shelter behind the company's bankruptcy, but stayed her ruling while entertaining a request to reconsider the decision. The ruling filed Monday denied motions from Grace and Montana to reconsider.